

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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P 050739Z MAR 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC PRIORITY 5209

S E C R E T SECTION 1 OF 2 CANBERRA 1433

EXDIS

E.O. 11652: XGDS-1.

TAGS: PFOR, AS

SUBJECT: POLITICAL SITUATION IN AUSTRALIA

REF: A) STATE 047775

B) CANBERRA A-29, FEB 18

C) CANBERRA 1408

1. SUMMARY: FOL ARE RESPONSES TO SPECIFIC QUESTIONS IN REF A. EMBASSY CONSIDERS REFB STILL ESSENTIALLY VALID, THOUGH LIBERAL-COUNTRY PARTIES HAVE CONTINUED TO SLIP IN POLLS, AS HAS OPPOTION LEADER SNEDDEN. LATTER'S STANDING IN HIS PARTY HAS DETERIORATED AND CHANGE OF LEADERSHIP IS REAL POSSIBILITY. POLITICAL SITUATION IS SWIFTLY CHANGING WITH ENOUGH DEVELOPMENTS TO SUPPORT ALMOST ANY PREDICTED OUTCOME. WITH FAVORABLE OUTCOME OF DEFENSE FACILITIES DISCUSSION AT LABOR CONFERENCE IN TERRIGAL, U.S. CAN WATCH EVOLUTION OF EVENTS WITH RELATIVE EQUANIMITY ON THIS SCORE. ONLY CLEARLY NEGATIVE TREND IS SLOW BUT STEADY DRIFT OF LABOR GOVERNMENT TOWARDS RECOGNITION OF PRG. END SUMMARY.

2. IN RESPONSE TO REF A, WE CONSIDER THAT REF B (SECTION I OF NEW PARA) REMAINS BASICALLY VALID. AMBASSADOR HAD SEEN DRAFT BEFORE HE LEFT CANBERRA, AND HEMAY WISH TO REVIEW IT ONCE MORE.

3. RE SEPCIFIC QUESTIONS IN REF A, RESIGNATION OF SPEAKER COPE WAS PROBABLY ONLY QTE ONE DAY WONDER END QTE. OPPOSI-

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TION EFFORT TO CENSURE LABOR GOVERNMENT MAR 4 REGARDING REPLACEMENT

OF SPEAKER ENDED WITH USUAL DEFEAT OF MOTION BY GOVERNMENT. MORE IMPORTANTLY, HOWEVER, SNEDDEN MADE POOR IMPRESSION IN DELIVERING ATTACK AND MAY HAVE LOST FURTHER GROUND. GOVERNMENT SUPPORTERS WERE OPENLY SCORNFUL OF SNEDDEN, WHILE OPPOSITION SUPPORTERS REMAINED SILENT, EVIDENTLY REFLECTING THEIR EVALUATION OF SNEDDEN PERFORMANCE. MURPHY REPLACEMENT BY SENATOR BUNTON WILL HAVE LITTLE EFFECT ON NUMBERS IN SENATE (REF C).

4. MOROSI AFFAIR HAS DROPPED OUT OF SIGHT, THOUGH MOROSI, PROBABLY UNWISELY, INITIATED SUIT ON MARCH 4 AGAINST SYDNEY MORNING HERALD, ALLEGING DEFAMATION, WHEN PAPER REPORTED MHR WENTWORTH HAD PRESENTED FRESH DOCUMENTS ON MOROSI BUSINESS ACTIVITIES TO PRIME MINISTER. IF CASE COMES TO TRIAL IN NEAR FUTURE, TESTIMONY CAN BE PRINTED WITHOUT RISK OF DEFAMATION, GIVING CURRENCY TO ALL OF TESTIMONY IN COURT. ACCORDING TO OPPOSITION FOREIGN AFFAIRS SPOKESMAN ANDREW PEACOCK, WENTWORTH IS ON THE TRAIL OF MORE DISCLOSURES ABOUT MOROSI FINANCIAL DEALINGS. DEPUTY PRIME MINISTER CAIRNS HAS COME OUT BADLY FROM MOROSI AFFAIR IN ANY CASE, AND HIKS FORMERLY SECURE POSITION AS HEIR APPARENT TO WHITLAM IS NOW IN SOME DOUBT.

5. WHITLAM IMAGE HAS SUFFERED IN LAST FEW WEEKS, IN PART FROM MANNER OF REPLACEMENT OF SPEAKER OF HOUSE COPE. BRUCE JUDDERY, LONG-TIME SUPPORTER OF WHITLAM, HAS ARTICLE IN CANBERRA TIMES MARCH 5, ENTITLED, QTE OBITUARY OF A PM WHO IS ALIVE AND KICKING END QTE. ARTICLE NOTES DEFECTS OF WHITLAM AS LEADER AND CONCLUDES THESE DEFECTS STOOD OUT DURING PERIOD WHEN LUCK OF ECONOMIC CYCLE TURNED AGAINST WHITLAM. DESPITE SUCH CRITICISM, WHITLAM RETAINS HIS BIG PERSONALITY AND HIS CAPACITY TO DELIVER EFFECTIVE ATTACKS ON OPPOSITION. THESE ARE MAJOR WEAPONS IN AN ELECTION CAMPAIGN, AND PEACOCK MENTIONED TO US HIS RESPECT FOR WHITLAM'S TV ABILITY, ESPECIALLY IN CONTRAST TO SNEDDEN. LEFT WING OF ALP HAS NOT BEEN HEARD OF IN LAST FEW WEEKS, HAVING BEEN WELL AND TRULY CHECKMATED AT ALP FEDERAL CONFERENCE IN TERRIGAL. ON DEFENSE FACILITIES, IN WHICH U.S. PARTICULARLY INTERESTED, WHITLAM DELIVERED GRATIFYING STATEMENT WHICH MEETS OUR NEEDS. DEFENSE PLANK OF PARTY POLICY WAS ADOPTED BY VOTE OF 41-6, WHICH WAS HUMILIATING BLOW FOR
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ALP LEFT.

6. CHARGE AND POL COUNSELOR HAD EXTENDED CHAT WITH ANDREW PEACOCK MARCH 4 ON LIBERAL LEADERSHIP. PEACOCK'S VIEWS SHOULD BE READ AGAINST SNEDDEN'S POOR PERFORMANCE LATER IN DAY ON CENSURE MOTION ON REPLACEMENT OF SPEAKER OF HOUSE, REFERRED TO ABOVE. (NOTE: PEACOCK IS VERY SENSITIVE ON LEAKS, AND HIS VIEWS SHOULD BE PARTICULARLY PROTECTED).

7. PEACOCK LED OFF CONVERSATION WITH REVIEW OF LIBERAL LEADERSHIP PROBLEM, AN ISSUE WHICH IS OBVIOUSLY HIS MAIN CONCERN. HE HAD WARM WORDS FOR SNEDDEN, COMMENTING HE WAS ONE OF QTE NICEST END QTE PEOPLE PEACOCK HAS EVER WORKED WITH. SNEDDEN HAS OBVIOUS DEFECTS, ONE OF MOST SERIOUS BEING HIS RELUCTANCE TO STEP ON PEOPLE, AS PARTY LEADER OCCASIONALLY MUST DO. PEACOCK FEELS IT WOULD BE MISTAKE TO CHANGE PARTY LEADERS NOW, WHEN THERE IS REAL POSSIBILITY OF OPPOSITION WINNING OFFICE. HOWEVER, RUMORS OF POSSIBLE CHANGE IN LEADERSHIP ARE CONSTANT, AND ALL OF CHIEF CONTENDERS ARE WATCHING SITUATION CLOSELY, PRODUCING SITUATION WHICH PEACOCK TERMED QTE SICK END QTE.

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8. PEACOCK SAID MOVE TO REPLACE SNEDDEN COULD BE MADE AT ANY TIME, MOST LIKELY AT ONE OF WEEKLY MEETINGS OF LIBERAL PARLIAMENTARY PARTY. INITIAL MOVE WOULD BE MOTION TO DECLARE LEADERSHIP VACANT, AS OCCURRED LAST NOVEMBER. IF MOTION PASSED, SNEDDEN PROBABLY WOULD NOT STAND FOR ELECTION AS LEADER, AS HE WOULD BE SURE OF DEFEAT. THERE WOULD THEN PROBABLY BE FOUR CANDIDATES: FRASER, PEACOCK HIMSELF, FOBES, AND KILLEN. POSSIBLE THAT FRASER WOULD WIN ON FIRST BALLOT BUT, IF NOT, KILLEN WOULD DROP OUT, AND FRASER WOULD PICK UP ENOUGH VOTES TO WIN. HOWEVER, AS CLOSE TO HALF OF LIBERALS WOULD HAVE OPPOSED FRASER, HE WOULD HAVE TO GUARD HIMSELF CONSTANTLY TO PROTECT AGAINST ANOTHER LEADERSHIP CHALLENGE. FRASER HAS RECENTLY BEGUN TO SHOW MORE APPRECIATION OF THIS PROBLEM AND HAS APPEARED MORE SINCERE IN HIS PROTESTATIONS OF LOYALTY TO SNEDDEN.

PEACOCK WAS NOTABLY CAUTIOUS ON HIS ATTITUDE TOWARDS FRASER. IN EVENT OF LEADERSHIP CHANGE, PEACOCK WOULD PROBABLY BECOME DEPUTY LEADER, AND FRASER HAS TOLD PEACOCK HE WANTS PEACOCK TO REMAIN AS FOREIGN AFFAIRS SPOKESMAN. PEACOCK IS CLEARLY CALCULATING HIS OWN CHANCES TO BECOME PARTY LEADER BUT RECGNISES THIS IS NOT RPT NOT YET TIME FOR HIM TO MAKE SERIOUS MOVE. (COMMENT: PEACOCK'S FORGOING COMMENTS WERE MADE BEFORE MORGAN-GALLUP POLL PUBLISHED MARCH 5 SHOWING LIBERAL-COUNTRY SUPPORT HAD FALLEN TO 48 PERCENT IN LATE FEBRUARY, COMPARED TO 54 PERCENT IN DECEMBER, 1974. CORRESPONDING ALP FIGURES IN SAME POLL WERE 48 PERCENT IN LATE FEBRUARY, COMPARED TO 38 PERCENT IN DECEMBER. POLL INDICATED THAT APPROVA OF SNEDDEN

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HAD DROPPED ANOTHER FIVE POINTS TO ALL TIME LOW OF 28 PERCENT. MOREOVER, PEACOCK'S COMMENTS MAR 4 WERE MADE JUST BEFORE SNEDDEN'S PUBLICIZED POOR PERFORMANCE IN HOUSE OF REPRESENTATIVES AFTERNNON OF MARCH 4. PEACOCK CONCLUDED OUR CONVERSATION WITH REMARK THAT WE WERE NOW AS WELL INFORMED ABOUT LIBERAL PARTY SITUATION AS HE WAS AND WERE NO DOUBT EQUALLY BEMUSED. ALL IN ALL, WE WERE LEFT WITH IMPRESSION THAT PEACOCK TENDS TO ANTICIPATE A SUCCESSFUL CHALLENGE BY FRASER).

9. IN SUM, POLITICAL SITUATION IS SWIFTLY CHANGING, WITH ENOUGH DEVELOPMENTS NOW IN HAND TO SUPPORT ALMOST ANY PREDICTION OF LIKELY CHAIN OF EVENTS. OPPOSITION, ON BALANCE, PROBABLY STILL HAS BASIC ADVANTAGE, AS ECONOMIC PICTURE WILL PROBABLY NOT IMPROVE ENOUGH TO BE OF ASSISTANCE TO GOVERNMENT. IF THERE IS CHANGE IN OPPOSITION LEADERSHIP, ODDS AGAINST ELECTIONS PROBABLY WILL LENGTHEN, IN SENSE OPPOSITION WILL PROBABLY BE MORE CHARY OF SEEKING ELECTION BY REFUSING SUPPLY, WHEN SCARS OF LEADERSHIP BATTLE STILL FRESH. THIS DOES NOT SOLVE WHITLAM'S PROBLEM, AS SENATE CONTINUES TO REJECT KEY PIECES OF LEGISLATION. EIGHT GOVERNMENT BILLS WERE REJECTED BY SENATE LAST WEEK, AND TWO BILLS REJECTED SO FAR THIS WEEK. THIS NEW EVIDENCE OF OPPOSITION WILLINGNESS TO BLOCK GOVERNMENT LEGISLATION, IF COUPLED WITH CONTINUING TREND TO LBOR IN OPINION POLLS, COULD CONCEIVABLY DRIVE WHITLAM TO SEEK ELECTIONS WITH AIM OF GAINING CONTROL OF BOTH HOUSES OF PARLIAMENT BY TAKING ADVANTAGE OF ONGOING LEADERSHIP STRUGGLE IN OPPOTION RANKS.

10. OUR PRINCIPAL CONCLUSION IS THAT WITH WHITLAM'S CLEAR AND SUCCESSFUL SUPPORT OF DEFENSE FACILITIES AT TERRIGAL MEETING U.S. CAN WATCH THIS RAPIDLY-CHANGING POLITICAL SITUATION WITH RELATIVE EQUANIMITY, AS WE CAN LIVE WITH ANY OF PRESENTLY FORESEEABLE OUTCOMES.

11. WE MADE THIS POINT TO PEACOCK YESTERDAY. HE CONFIRMED
OUR VIES, ADDING THAT THE U.S. HAS NO NEED TO TAKE SIDES
IN PRESENT SITUATION AND HE WOULD NOT EXPECT FOREIGN POLICY
TO BE ANY MORE AN ISSUE IN ELECTIONS THIS YEAR THAN LAST
YEAR (I.E. NOT AT ALL). WE AGREE WITH THIS JUDGEMENT, AL-
THOUGH AN INDOONESIAN ADVENTURE IN TIMOR COULD BRING FOREIGN
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POLICY PROBLEMS SHARPLY FORWARD. WE ALSO DO NOT EXPECT IN-
VESTMENT OR OTHER ECONOMIC ISSUES OF DIRECT CONCERN TO THE
U.S. WOULD PLAY MUCH PART, EXCEPT TO EXTENT THAT U.S. COMPANIES
MIGHT BE CITED IN RELATIONSHIP TO SOME OF MINISTER FOR
MINERALS AND ENERGY CONNOR'S CONTROVERSIAL POLICIES OR
TO MORE CENTRAL ISSUES SUCH AS UNEMPLOYMENT. ONLY CLEARLY
NEGATIVE TREND FROM U.S. POINT OF VIEW IS SLOW BUT STEADY
DRIFT OF LABOR GOVERNMENT TOWARDS RECOGNITION OF PRG. WE
HAVE TRIED, WITHOUT SUCCESS, TO AFFECT THIS TREND, BUT WE
ARE UP AGAINST WHITLAM'S CONVICTION THAT COMMUNIST VICTORY
IN INDOCHINA IS THE DIRECTION OF HISTORY AND IS ESSENTIALLY
DESIREABLE. ONLY EVENTS WILL HAVE AN IMPACT ON THIS VIES.

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